Tiffany (NJ) Inc. et al v. eBay Inc. Doc. 46

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TIFFANY (NJ) INC. and TIFFANY AND COMPANY, **Plaintiffs,** **v.** **eBAY INC.,** **Defendant.**	**Case No. 04 Civ. 4607 (KMK)** **DECLARATION OF RANDI W. SINGER**

I, Randi W. Singer, declare, under penalty of perjury, as follows:

1. I am admitted to practice before this Court and am a member of the law firm Weil, Gotshal & Manges LLP, which represents eBay Inc. in the above-captioned action.

2. The purpose of this declaration is to place before the Court the following documents referred to in the accompanying Pretrial Memorandum:

(A) Exhibit A hereto is a true and correct copy of excerpts of the transcript of the March 29, 2006 hearing in Robespierre, Inc. a/k/a "Nanette Lepore" v. eBay Inc., 05 CV 10484 (GBD) (S.D.N.Y. Mar. 29, 2006).

(B) Exhibit B hereto is a true and correct copy of Robespierre, Inc. a/k/a "Nanette Lepore" v. eBay Inc., 05 CV 10484 (GBD), slip op. (S.D.N.Y. Mar. 29, 2006).

(C) Exhibit C hereto is a true and correct copy of Hendrickson v. eBay Inc., No. CV 01-0495 RJK, slip op. (C.D. Cal. July 3, 2001).

3. This declaration was executed this 2nd day of April 2007, in New York, New York.

By: ____________________
Randi W. Singer

Dockets.Justia.com

EXHIBIT A

63T9ROBA

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
------------------------------x

ROBERSPIERRE INC. A/K/A
NANETTE LEPORE,

Plaintiff,

v. 05 CV 10484 (GBD)

EBAY, INC., ET AL.,

Defendants.

------------------------------x

New York, N.Y.
March 29, 2006
11:15 a.m.

Before:

HON. GEORGE B. DANIELS,

District Judge

APPEARANCES

BALLON STOLL BADER & NADLER, P.C.
Attorneys for Plaintiff
BY: FRANK S. KALAMAJKA
DWIGHT YELLEN

WEIL, GOTSHAL & MANGES LLP
Attorneys for Defendant eBay Inc.
BY: R. BRUCE RICH
RANDI W. SINGER
BRUCE S. MEYER

MICHAEL RICHTER
Associate General Counsel eBay Inc.

(In open court)

(Case called)

THE DEPUTY CLERK: Counsel, please state your appearances for the record, beginning with plaintiff.

MR. KALAMAJKA: Good morning, your Honor. Frank Kalamajka from Ballon Stoll Bader & Nadler, attorneys on behalf of plaintiff, Nanette LePore.

THE COURT: Good morning.

MR. YELLEN: Dwight Yellen with Ballon Stoll as well, your Honor.

THE COURT: Good morning.

MR. RICH: Bruce Rich from Weil, Gotshal representing eBay.

THE COURT: Good morning.

MR. RICH: If I may, your Honor, introduce at the end of the table Mr. Richter, who is counsel for eBay, who is also a member of the bar of the state and of this court.

THE COURT: Good morning.

Let's me start with you, Mr. Kalamajka.

I'm sorry. I mispronounced your name.

MR. KALAMAJKA: That's Kalamajka, your Honor. Thank you.

THE COURT: You want a preliminary injunction, and it seems to me what you're asking for is for them not to be able to allow anybody on eBay to sell any purported merchandise of your client. I assume there's got to be a less onerous way to solve the problem that you've identified with regard to having some of the merchandise not be valid merchandise of your client.

MR. KALAMAJKA: Well, your Honor, that would be if they would have a greater, more vigorous screening of counterfeits. And our client has offered to show them how to do that. They have a hundred percent accurate method of detecting counterfeits. That's why they're constantly forced to screen and report them to eBay.

THE COURT: I mean before I hear from them, my first reaction is while the question is at this point: Who should share what part of the burden to have to look at every piece of merchandise and make sure that you're satisfied that it's your client's merchandise.

MR. KALAMAJKA: Well, I think that since eBay is the only known source of counterfeiting, as far as our client is able to determine -- in fact, the counterfeiting is going on to this day, despite eBay's, what they call proactive efforts -- our client is forced to maintain a constant vigil. And I think for the short duration of this preliminary injunction it would not harm eBay at all to stop selling LaPore goods if that's the only remedy they can do within their powers, unless they want to adopt better screening methods, which would be very easy for them to do. They have facilities to visually screen, and that's all our client really does.

THE COURT: Let me ask you this. When you say -- when we -- I didn't get a feel for what the extent of the sale of merchandise was that is really at issue, and what the extent of the counterfeiting is that's at issue.

What do you say -- how much merchandise of your client do you say is being sold on eBay, and what percentage or numbers of that merchandise you say is coming up counterfeit?

MR. KALAMAJKA: Percentage I'm not sure. But we know of at least 200 counterfeit items since we started complaining to eBay. And I have a declaration here from the employee at eBay whose does the search right now, and she found 40 in the last month; ten just the other day, new ones. These are all new counterfeit --

THE COURT: So you say --

MR. KALAMAJKA: I'm sorry, your Honor. Go ahead.

THE COURT: I was just trying to get the numbers right.

Are you saying that so far you've identified about 250 counterfeit items?

MR. KALAMAJKA: It would be over 200 at this point, yes.

THE COURT: And out of how many items that are being sold on eBay of your client?

MR. KALAMAJKA: We don't track those because those are legitimate.

That's part of the problem. Our client has to wade through the legitimate ones to find the counterfeit. The burden is entirely on them to address the problem.

THE COURT: The burden can't be entirely on them. Obviously, your client has some interest and some obligation if they don't want counterfeits to be sold to make sure that counterfeits aren't sold.

So I can't say that they're only -- that it's only eBay that has a responsibility to make sure that counterfeits of your client don't get into the market.

I mean obviously I assume your client has an interest and your client takes vigilant action beyond just suing eBay to try to make sure that counterfeit items aren't sold.

MR. KALAMAJKA: Well eBay is the choke point, and we believe that eBay is naturally attracted to international counterfeiters. There is no other evidence of any other counterfeiting on any other website. LaPore does not do any business on the internet. It derives no benefit from eBay's existence. It never learned of counterfeiting -- it learned of it occurring on eBay. And I think eBay, through the knowledge of this clear and consistent pattern of chronic counterfeiting, has a duty because they now, under applicable caselaw, should take extra steps to prevent counterfeiting.

THE COURT: Again, when you describe it as a clear and consistent pattern of chronic counterfeiting, I don't know what that means. You say you found 200 of how many that are counterfeit? I mean are you saying that it's 200 of thousands? 200 of 300? I mean I'm not quite sure what you call chronic counterfeiting.

MR. KALAMAJKA: I don't have an exact percentage because many oftentimes, the time periods that authentic goods are offered for sale versus the time periods that counterfeit goods are offered for sale differentiates. So to actually get a percentage over a period of time would require some, I think, playing with numbers that we just haven't got into.

THE COURT: I assume your client at least monitors and at least for the purpose of this litigation has some at least estimate of how much of their merchandise is being sold on eBay.

MR. KALAMAJKA: They don't maintain those numbers because those are third party sellers.

THE COURT: So your client has no idea how much of their merchandise is being sold on eBay? How am I supposed to give them a preliminary injunction -- on what basis could you know that there are 200 counterfeit items being sold on eBay but you have no basis to know how many legitimate items are being sold?

MR. KALAMAJKA: It could be determined if we went back and counted all the listings, I suppose. But the fact is counterfeiting is an irreparable harm in and of itself. The fact that these items are even listed is an irreparable harm to our client's trademark rights.

THE COURT: The issue I'm trying to address is the question is not the irreparable harm. The question is what is a -- whether or not injunctive relief, to the extent that you're asking for the injunctive relief, is the only appropriate remedy to that.

Obviously, if there is something that eBay is willing to do and able to do in cooperation with your client to insure that your client can make sure that counterfeits aren't out there, it seems to me that you're not necessarily entitled to -- I mean if I issued an injunction every time somebody said: Well, I found out that eBay is selling -- that on eBay some counterfeit material was sold so therefore, I want you to order that eBay can't sell any of that merchandise, that can shut down everything they sell. And I'm sure that there's some counterfeits in thousands, if not more, of the kinds of merchandise that they sell.

To simply have a party say because some of the merchandise sold is counterfeit, that we think that you are to issue an injunction telling them they can't sell any merchandise seems to be -- you have to convince me that that's the appropriate equitable relief at this point in time rather than giving your client some ability and opportunity to make sure that the counterfeit stuff that's clearly identified is not sold.

Isn't that really what you're entitled to?

MR. KALAMAJKA: Well, your Honor, I would argue that no court has set what the numerical limits are of counterfeit versus authentic goods. So in a case like this it's open.

Our client is a small manufacturer. They don't have millions of items on the market so that this is just a drop in the bucket. Clearly --

THE COURT: That's what I'm trying to get a feel for.

MR. KALAMAJKA: I don't think they turn out -- they're a high end couture label. They don't turn out that many goods to begin with. So 200 items is significant to them.

THE COURT: 200 of what? That's what I'm trying to figure out.

MR. KALAMAJKA: That could probably be determined. We just don't have that figure. We feel that it's irreparable harm the moment the listing occurs. As we speak today, there are counterfeits listings.

THE COURT: The injury is not the listing. The injury is the sale.

So I'm trying to figure out -- I mean they're are going to be -- people are going to try to sell counterfeits all the time. The question is whether or not once they're identified as counterfeit -- I mean eBay -- I'm not sure you can say that eBay has some responsibility before somebody lists an item to make sure that they've screened every single item to make sure that that item is not a counterfeits item.

The question is whether or not there are reasonable steps that eBay can take to insure that counterfeit items aren't sold on eBay and that they're not allowing or facilitating the sale of those items.

Obviously, once an item is identified as counterfeit and that item is taken off the market for sale, that there is no irreparable injury to your client. Because I'm sure eBay is not the only place that your client has found that counterfeit items are offered for sale.

MR. KALAMAJKA: As far as our client knows, eBay is the only site we have had --

THE COURT: I didn't say site.

MR. KALAMAJKA: Only place in the world where there's counterfeits.

THE COURT: Nobody else sells any counterfeit items of your client other than what's being sold on eBay.

MR. KALAMAJKA: As far as they know.

THE COURT: Well, "as far as they know" doesn't give me a whole lot of confidence that they know.

Are you saying they never found any other counterfeit item being sold other than on eBay?

MR. KALAMAJKA: I have a declaration here from the person that does the searching. They were just on the top five other option sites --

THE COURT: I'm not talking about option sites.

MR. KALAMAJKA: They have never heard of any counterfeiting in the world.

THE COURT: There's never been counterfeiting any place other than on eBay?

MR. KALAMAJKA: That is absolutely correct. It's a narrowly tailored relief, we respectfully submit. This is the choke point for the only known counterfeiting.

And also, your Honor, if I may be heard, I just would respectfully add that under Hard Rock Cafe and Fonovisa, once a seller or someone who facilitates the selling has suspicion, they have a duty to investigate.

We've provided them with the means to investigate. We've offered that to them. They have rejected that. They have not reduced or diminished in any way the number of counterfeits coming on line. They have not adopted --

THE COURT: Again, you know, I'm trying to deal with a different issue than you're focusing on.

You're saying -- you're focusing on their obligation to prevent counterfeiting from coming on line.

I am focusing -- and you can tell me if that's the inappropriate focus -- I'm focusing on whether or not those sales take place.

I mean they cannot -- I'm not sure that they can ever, 100 percent, prevent someone from offering a counterfeit item for sale. Once that item is identified for sale, as being counterfeit, then they clearly have, pursuant to the cases that you just cited, they clearly have a responsibility not to facilitate that sale. And obviously, they facilitate sales by putting buyer and seller together.

So, once an item -- I'm trying to understand what -- again, my problem is not whether you're entitled to some sort of relief with regard to protection against counterfeiting.

My issue and question is whether or not the kind of relief that you're asking for is the appropriate relief, you know, the reasonable relief other than simply some other reasonable way of, one, identifying counterfeits and making sure they're not sold.

MR. KALAMAJKA: Well, the mere listing I think is a form of dilution that is certainly something that harms our mark.

In the case of Fonovisa, the defendant was held liable for the sale of goods on its premises where they didn't -- the court didn't need to know that they had had precise notice of those goods' presence. They had prior notice of a general trend of counterfeiting sales.

THE COURT: Those are sales.

MR. KALAMAJKA: Sales had not occurred. They were knew of ongoing infringements, knew of ongoing infringements of the plaintiff's merchandise and did nothing about them.

The record here is 100 percent the opposite. There is no evidence that eBay ever knowingly allows listings of counterfeit LaPore merchandise. And each time it has been advised of the fact that there are such claims, they have done exactly what in Fonovisa wasn't done. They've acted vigorously and completely, including suspending forever six sellers found to be engaging in the practice of marketing counterfeit LaPore merchandise on a repeat basis.

Final point, your Honor, which is in our briefing, is that, as I'm sure your Honor is aware, while it's fairly easy for a given litigant to come into the court saying it's a, quote, simple matter for eBay to educate itself as to a category of merchandise, to review each and every listing, and to take appropriate steps, indeed to go so far as to wipe out a whole category, the invitation this would provide to thousands of other rights owners, each of whom could conceivably identify one or several instances of counterfeiting out of the universe, and say "me too," I think it's self-evident the impact that would have on the ongoing vitality of eBay's business, and we submit that's an another additional basis upon which the requested preliminary injunction should be denied.

Thank you.

THE COURT: I have reviewed all of the papers thoroughly and considered the arguments made today.

I'm going to deny the application for preliminary injunction.

I think that reviewing the basic standard or the likelihood of success on the merits and irreparable injury and considering the nature -- the equitable nature of relief of preliminary injunction, I believe that the plaintiff has not made a sufficient showing for a preliminary injunction at this stage of the proceedings, and the nature of the relief that they request.

Without making any ultimate determination of whether or not there will be -- plaintiff will be able to establish the merits of its case to some extent, I think on this record that the plaintiff cannot demonstrate a likelihood of success at this stage on the limited issue as it is focused.

And the limited issue as it is focused to me at this point that the defendant -- the plaintiff must establish that they can demonstrate that the process that eBay is involved in with regard to responding and intercepting counterfeit goods is inadequate and a further burden to the extent that the plaintiff argues the further burden should be their obligation to independently search and identify counterfeit goods of each manufacturer before those items are offered for sale on eBay by the sellers. At this point on this record, given the process that they are already involved in, which is -- can be described at a reasonable process, of giving the manufacturers an opportunity to immediately identify counterfeit goods for -- that are being offered for sale and responding in a reasonable period of time to that identification in order to prevent that sale, I think that the plaintiff cannot demonstrate at this stage of the proceeding that that -- on this record -- that that is an unreasonable, inadequate process, and that minimally the process should be that they should, as I say, independently search and identify counterfeit goods of every manufacturer on their own without any -- a lot of great involvement by the manufacturer and if they didn't -- if they do not do so, that that in and of itself would constitute a basis for this court to enter injunctive relief to prevent all sales by sellers of both legitimate and illegitimate counterfeit merchandise on the eBay site.

I believe that that -- given the equitable nature of the relief requested, I do not believe that that is a reasonable equitable remedy, temporary remedy at this point and I do not believe that the record demonstrates that the greater burden is minimally the burden that should be placed -- an obligation that should be placed on eBay as opposed to a determination with regard to whether or not the process that already exists is adequate.

Also, I don't think the plaintiff has met its burden with regard to irreparable injury in this case. There is a process -- and this court determines at this stage of the proceeding it appears to be a reasonable process -- for the plaintiff and any manufacturer to identify, intercept and have eBay prevent the sale of counterfeit merchandise in a timely manner; that although that process as it exists during this litigation may put some additional burdens on the plaintiff; one, the plaintiff has not demonstrated that the burden that that places on the plaintiff at this point has been inadequate to intercept, if not all, the overwhelming majority of counterfeit goods; and two, even if that burden at this stage during this proceeding would add additional costs to the plaintiff to vigorously monitor the sale of counterfeit goods, those costs can be identified in dollars and can be compensated in damages if the plaintiff is successful in this litigation. And so therefore, it is something that is quantifiable in terms of its expense and compensable in damages if plaintiff prevails in this lawsuit.

So, based on the record presented before me and in my consideration of the papers submitted and the arguments made today, I'm going to deny the motion for preliminary injunctive relief based on the record that's been made in this case through the submissions and today's proceeding based on the reasons that I've indicated on the record.

I will obviously allow the parties to expedite this proceeding to resolve these issues to the extent that that's reasonable.

Also, to the extent that the parties can independently or jointly propose some other reasonable conditions under which this case should proceed or which would make it less burdensome on the plaintiff to insure that during the pendency of this proceeding that counterfeit goods are not sold on eBay without simply shifting the burden from one party to the other an order to consider anything that the parties can jointly agree upon or that can be suggested by either party with regard to what might minimize or insure that during the pendency of this litigation that counterfeit goods are not sold on eBay. But it seems to me that the process that is in place at eBay -- although it puts a slightly greater burden on the plaintiff to monitor -- in the meantime, during the pendency of this litigation, the proposed sale of counterfeit goods to a greater extent than the plaintiff wishes to take on that burden, I think that that process appears to be adequate to insure that if it is utilized, that counterfeit goods would not be sold on eBay or to the extent that they are would be minimal. And to the extent that there is a greater expense and effort on the part of the plaintiff to utilize this process, that it can itemize those expenses and be compensated for them if they ultimately prevail.

So, I will deny the motion for preliminary injunctive relief.

How do you want to proceed, Mr. Kalamajka, with regard to this case at this point?

MR. KALAMAJKA: I would have to discuss that with my client, your Honor.

THE COURT: Okay. Why don't you -- I think I may have -- I don't know because it came under a preliminary injunction, I don't know if I sent you a proposed case management plan.

MR. YELLEN: No, your Honor, you didn't. And what I would suggest is we will confer a while and we'll submit our case management plan. And I think I heard you say we can do this on an expedited basis.

THE COURT: To the extent that you can agree to do that, yes.

To the extent that you want to do that and disagree, tell me what you would independently propose and tell me why that's reasonable or not reasonable, and then I will put it on whatever reasonable expedited schedule that you propose in order to resolve this as quickly as possible.

MR. RICH: Thank you, your Honor.

MR. KALAMAJKA: Thank you, your Honor.

THE COURT: I'll wait to hear from you.

(Adjourned)

EXHIBIT B

USDC SDNY
DATE FILED: MAR 29 2006

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

---x

ROBESPIERRE, INC., a/k/a "NANETTE LEPORE,"

Plaintiff,

-against-

EBAY INC., "ABC COMPANY," "XYZ COMPANY", "BOB AND BETTY SMITH(S)," and "JOHN AND JANE DOE(S),"

Defendants.

---x

ORDER
05 CV 10484 (GBD)

GEORGE B. DANIELS, District Judge:

For the reasons stated on the record during oral argument on March 29, 2005, it is ordered that plaintiff's motion for a preliminary injunction is denied.

Dated: New York, New York
March 29, 2006

SO ORDERED:

George B. Daniels

GEORGE B. DANIELS
United States District Judge

EXHIBIT C

THIS CONSTITUTES NOTICE OF ENTRY AS REQUIRED BY FRCP, RULE 77(d).

FILED
CLERK, U.S DISTRICT COURT
JUL - 2 2001
7-2-01
CENTRAL DISTRICT OF CALIFORNIA
BY DEPUTY

Priority
Send
Enter
Closed
JS-5/JS-6
JS-2/JS-3
Scan Only

ENTERED
CLERK, U.S. DISTRICT COURT
JUL - 3 2001
7-3-01
CENTRAL DISTRICT OF CALIFORNIA
BY DEPUTY

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

ROBERT HENDRICKSON, Plaintiff, v. EBAY INC., LUCKYBOY ENTERTAINMENT, STEVEN REILLY, and DOES 1 through X, Defendants.	Case No. CV 01-0495 RJK (RNBx)
and related cases	Consolidated with Case Nos. CV 01-3412 RJK and CV 01-3412 RJK **ORDER RE DEFENDANTS EBAY INC., MARGARET C. WHITMAN AND MICHAEL RICHTER'S MOTION FOR SUMMARY JUDGMENT OR, ALTERNATIVELY, MOTION FOR PARTIAL SUMMARY JUDGMENT**

The Court heard Defendants eBay Inc., Margaret Whitman and Michael Richter's (collectively, the "eBay Defendants") motion for summary judgment or partial summary judgment came (the "Motion") on June 25, 2001. After considering the papers submitted by the parties, the case file and argument of counsel, the Court GRANTS the Motion, in part.

BACKGROUND

eBay provides an Internet website service where over 25 million buyers and sellers of consumer goods and services have come together to buy and sell items

Docketed
Copies / NTC Sent
JS - 5 / JS - 6
JS - 2 / JS - 3
CLSD

53

through either an auction or a fixed-price format. eBay's web site allows sellers to post listings containing descriptions of items they wish to offer for sale; and it allows buyers to bid for items they wish to buy. People looking to buy items can either browse through eBay's 4,700 categories of goods and services or search for items by typing words into eBay's search engine. Every day, eBay users place on average over one million new listings on eBay's web site. At any given time, there are over six million listings on the web site.

eBay has limited involvement in the sale transactions. At the end of the bidding period, eBay's system automatically sends the high bidder and seller an e-email identifying each other as such. Thereafter, buyers and sellers deal directly with each other to finalize the transaction. eBay has no knowledge of whether a sale is actually completed. If an item is sold, it passes from the seller directly to the buyer without eBay's involvement.

On or about December 20, 2000, eBay received a "cease and desist" letter dated December 14, 2000 from Plaintiff Robert Hendrickson. The letter advised eBay that Plaintiff dba Tobann International Pictures is the copyright owner of the documentary "Manson." The letter also stated that pirated copies of "Manson" in digital video disk ("DVD") format were being offered for sale on eBay. However, the letter did not explain which copies of "Manson" in DVD format were infringing copies; nor did it identify Plaintiff's copyright interest. The letter demanded that eBay cease and desist "from any and all further conduct considered an infringement(s) of [Plaintiff's] right" or else face prosecution "to the fullest extend provided by law." (Richter Decl., Ex. C.)

After receiving this letter, eBay sent Plaintiff e-mails asking for more detailed information concerning Plaintiff's copyright and the alleged infringing items. eBay advised Plaintiff that he needed to submit proper notice under the Digital Millennium Copyright Act ("DMCA"). eBay explained that proper notice included, among other things, the identification of the unauthorized copies by the exact item numbers and a statement under penalty of perjury that Plaintiff owns the copyright to "Manson." eBay also encouraged Plaintiff to join its Verified Rights Owner ("VeRO") program and asked Plaintiff to fill out and submit eBay's Notice of Infringement form.

Plaintiff refused to join eBay's VeRO program and refused to fill out eBay's Notice of Infringement form. At some point, Plaintiff sent eBay the names of a few eBay sellers who were selling counterfeit copies of "Manson." However, he never gave eBay the specific item numbers that eBay sought.

On January 17, 2001, Plaintiff filed the first of three lawsuits against eBay. In CV 01-0495 ("Case No. 1"), Plaintiff sued eBay and two eBay sellers ("Luckyboy" and "Reilly"), asserting a claim for copyright infringement. The Complaint in Case No. 1 alleges, among other things, that eBay is liable for the sale of unauthorized copies of the film "Manson" by users on eBay's web site.

On February 12, 2001, Plaintiff filed the second lawsuit. In CV 01-1371 ("Case No. 2"), Plaintiff sued eBay, David Durham (another third party seller) and Margaret C. Whitman ("Whitman"), eBay's President and CEO. In this action, Plaintiff alleges that eBay and Whitman are liable for copyright infringement because they allowed Defendant Durham to sell unauthorized copies of the film "Manson" on or after January 17, 2001, the date Plaintiff filed Case No. 1.

On April 13, 2001, Plaintiff filed his third lawsuit against eBay. In CV 01-3412 ("Case No. 3"), Plaintiff added several other defendants, including eBay's Senior Intellectual Property Counsel, Michael Richter ("Richter"). Plaintiff alleges, among other things, that eBay and Richter are liable for copyright infringement because they wrongfully continued to allow the sale of unauthorized copies of the firm "Manson" by eBay users after February 25, 2001, the date Plaintiff commenced Case No. 2. In addition, Plaintiff asserts against eBay and Richter a Lanham Act claim and a state claim for tortious interference with prospective economic advantage.

On March 19, 2001, Plaintiff filed a motion for preliminary injunction in Case No. 1. On April 30, 2001, the Court denied Plaintiff's motion. The Court signed eBay's proposed order denying the motion for preliminary injunction. The order states, in pertinent part:

> Based on the Court's review of the evidence submitted by the parties in connection with this motion, the Court finds that eBay's alleged conduct is governed by the safe harbor provision of the [DMCA] (17 U.S.C. § 152, *et seq.*). eBay is an online service provider, as defined under 17 U.S.C. § 512(k)(1)(B), and qualifies for protection from liability under Section 512(c) of the DMCA. The Court further finds that Hendrickson failed to provide eBay with effective notification of claimed infringement under Section 512(c)(3) of the DMCA.

May 7, 2001 Order at 2 (emphasis added).

On April 30, 2001, the Court also granted eBay's motion to consolidate the three actions for all purposes. On May 31, 2001, the eBay Defendants filed the present motion for summary judgment.[1] On June 11, 2001, Plaintiff filed an opposition. On June 18, 2001, the eBay Defendants filed their reply. On June 25, 2001, the Court took the Motion under submission.

DISCUSSION

I. PLAINTIFF'S REQUEST FOR ADDITIONAL DISCOVERY

Throughout the Opposition, Plaintiff contends that the Court should decline to decide the Motion until he has taken additional discovery. He complains that he has not taken depositions, particularly the deposition of Richter. Nowhere in the Opposition does Plaintiff ask the Court to deny the motion or continue the hearing pursuant to Rule 56(f) of the Federal Rules of Civil Procedure. Nor does Plaintiff's declaration make a showing as to why he "cannot for reasons stated present by affidavit facts essential to justify [his] opposition." Fed. R. Civ. P. 56(f).

---

[1] For purposes of the Motion, the eBay Defendants do not challenge Plaintiff's claim that (1) he holds the copyright to the film "Manson"; (2) he has a protectable trade dress; or (3) third party sellers infringed Plaintiff's copyright or trade dress.

Instead, Plaintiff requests that the Court allow him to cross-examine Richter pursuant to Local Rule 7.5.4. He states that a cross-examination of Richter on matters relating to the contents of his supporting declaration would demonstrate that genuine issues of material facts exist. He also states that he will "waive any and all objections[] regarding . . . the lack of discovery" if the Court will permit the cross-examination of Richter. (Opp. at 19.) Plaintiff warns that the parties "should be prepared for a mini-trial on June 25, 2001." (Opp. at 19.)

Cross-examination of a declarant may be permitted when "an issue of fact is to be determined." Local Rule 7.5.4. On June 19, 2001, the Court issued a minute order denying Plaintiff's request to cross-examine Richter under Local Rule 7.5.4 on the ground that a motion for summary judgment is not a motion where an issue of fact is to be determined.

The Court may construe Plaintiff's request for additional discovery as a Rule 56(f) request for a denial or continuance of the Motion. However, a request under Rule 56(f) must be supported by an affidavit that explains why the party needs additional discovery and how the additional discovery will likely create a genuine issue of material fact. Stearns Airport Equip. Co. v. FMC Corp., 170 F.3d 518, 535 (5th Cir. 1999); see Fed. R. Civ. P. 56(f). Plaintiff did not submit such an affidavit. Even if the Court allows Plaintiff to make his showing through his brief instead of a declaration under oath, Plaintiff has not demonstrated that he is entitled to relief.

First, Plaintiff has failed to identify any specific fact that he believes he could obtain from discovery that will likely create a genuine issue for trial. Second, he has failed to explain his lack of diligence in seeking discovery. It appears that he believes the deposition of a single witness -- Richter -- would be sufficient discovery for purposes of defeating the Motion. However, Plaintiff could have taken Richter's deposition long ago. The record shows Richter was one of Plaintiff's contacts at eBay before Case No.1 was filed in January 2001. In addition, in March 2001, eBay identified Richter as one of its ten witnesses in its initial Rule 26 disclosures (Case No. 1). Moreover, Richter's declaration in support of the Motion is almost identical to the declaration he submitted in April 2001 in opposition to Plaintiff's motion for preliminary injunction. Nevertheless, it appears that Plaintiff has taken no steps to notice Richter's deposition. Therefore, Plaintiff is not entitled to additional discovery before the Court reach the merits of the Motion.

II. SUMMARY JUDGMENT

A. Standard

Summary judgment is proper if "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c). A fact is material only if it is relevant to a claim or defense and its existence might affect the suit's outcome. See T.W. Elec. Serv., Inc. v. Pacific Elec. Contractors Assoc., 809 F.2d. 626, 630 (9th Cir. 1987). A court may not, on a motion for summary judgment, evaluate the credibility of the evidence submitted by the parties. See Leslie v. Grupo ICA, 198 F.3d 1152, 1157-59 (9th Cir. 1999).

The moving party bears the burden of demonstrating the absence of a genuine issue of material fact for trial. See Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 256 (1986). "[T]he burden on the moving party may be discharged by 'showing' — that is, pointing out to the district court — that there is an absence of evidence to support the nonmoving party's case." Celotex Corp. v. Catrett, 477 U.S. 317, 325 (1986); see Musick v. Burke, 913 F.2d 1390, 1394 (9th Cir. 1990).

To demonstrate that the non-moving party lacks sufficient evidence to entitle it to judgment, the moving party must affirmatively show the absence of such evidence in the record, either by deposition testimony, the inadequacy of documentary evidence or by any other form of admissible evidence. See Celotex, 477 U.S. at 322. The moving party has no burden to negate or disprove matters on which the opponent will have the burden of proof at trial. See id. at 325.

A non-moving party's allegation that factual disputes persist between the parties will not automatically defeat an otherwise properly supported motion for summary judgment. See Fed. R. Civ. P. 56(e) (non-moving party "may not rest upon the mere allegations or denials of the adverse party's pleadings, but . . . must set forth specific facts showing that there is a genuine issue for trial."). "[A] mere 'scintilla' of evidence will be insufficient to defeat a properly supported motion for summary judgment; instead, the nonmoving party must introduce some 'significant probative evidence tending to support the complaint.'" Fazio v. City and County of San Francisco, 125 F.3d 1328, 1331 (9th Cir. 1997), quoting Anderson, 477 U.S. at 249, 252. If the adverse party does not so respond, summary judgment, if appropriate, shall be entered against the adverse party.

In judging evidence at the summary judgment stage, courts must draw all reasonable inferences in favor of the party against whom summary judgment is sought. See Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574, 587 (1986); Chaffin v. United States, 176 F.3d 1208, 1213 (9th Cir. 1999). However, if no factual showing is made in opposition to a motion for summary judgment, the district court is not required to search the record *sua sponte* for some genuine issue of material fact. It may rely entirely on the evidence designated by the moving party showing that no such triable issue exists. See Guarino v. Brookfield Township Trustees, 980 F.2d 399, 403 (6th Cir. 1992). While "there is some room for debate as to how 'specific' must be the 'specific facts' that Rule 56(e) requires in a particular case," a nonmovant cannot defeat a Rule 56 motion by merely "replac[ing] conclusory allegations of the complaint . . . with conclusory allegations of an affidavit." Lujan v. National Wildlife Fed'n, 497 U.S. 871, 889 (1990).

B. Plaintiff's Copyright Infringement Claim

1. eBay's Entitlement to Immunity Under the DMCA

eBay argues that Plaintiff cannot prevail on his copyright claim against it as a matter of law because the Court has already determined that eBay is immune from liability under the DMCA. eBay refers to the Court's order denying Plaintiff's motion for preliminary injunction and contends, without any supporting authority, that the Court's ruling that eBay is entitled to qualified immunity at that stage is dispositive on summary judgment. According to eBay, the Court's prior ruling forecloses Plaintiff from raising any genuine issue of material fact to maintain a viable copyright claim against eBay. eBay's "law of the case" argument has no merit.

The Ninth Circuit "ha[s] not departed from the general rule that a decision on a preliminary injunction does not constitute the law of the case and the parties are free to litigate the merits." City of Anaheim, Cal. v. Duncan, 658 F.2d 1326, 1328 n.2 (9th Cir. 1981); accord Golden State Transit Corp. v. City of Los Angeles, 754 F.2d 830, 832 n. 3 (9th Cir. 1985), rev'd on other grounds, 475 U.S. 608 (1986); see also Wilcox v. United States, 888 F.2d 1111, 1113-14 (6th Cir. 1989) ("Because of the lesser burden of proof required to support a motion for preliminary injunction as contrasted with a motion for summary judgment, a trial court's disposition of the substantive issues joined on a motion for extraordinary relief is not dispositive of those substantive issues on the merits"). The Court's findings and conclusions in connection with its denial of the preliminary injunction only demonstrate that the record before the Court at the time showed that eBay was covered by the DMCA's safe harbor provision. The Court did not determine, under the summary judgment standard, whether the undisputed facts show the absence of genuine issues for trial. Nor was the Court required at the preliminary injunction stage to view the facts and draw inferences in the light most favorable to Plaintiff.

Moreover, the motion for preliminary injunction only concerned the record in Case No. 1. It appears that these consolidated cases involve slightly different facts over slightly different time frames. To the extent that any of the differences concern facts material to eBay's defense, eBay needs to address these differences. For example, to prevail on summary judgment, eBay has the burden of showing there is no triable issue of fact on its claim that it has met each of the requirements for immunity under the DMCA. See 17 U.S.C. § 512(c); see also ALS Scan, Inc. v. RemarQ Communities, Inc., 239 F.3d 619, 625 (4th Cir. 2001) (Noting that the immunity under the DMCA is "granted only to 'innocent' service providers who can prove they do not have actual or constructive knowledge of the infringement"). On the issue of proper notification, eBay's Uncontroverted Fact No. 8 states that "Prior to filing this action, Hendrickson never provided eBay with sufficient information to enable eBay to determine which copies of 'Manson' were infringing copies and which were not." (eBay's Statement of Facts, No. 8 (emphasis added).) eBay does not explain which "action" it meant to reference -- Case No. 1, Case No. 2 or all three cases. To the extent that Plaintiff attempted to provided some notice over different periods, even if Plaintiff's purported methods of notification are deficient under the DMCA, eBay's uncontroverted facts should identify more clearly what occurred when.[2]

---

[2] The Court notes that eBay's evidence is incomplete. For example, eBay relies on admissions made by Plaintiff in response to requests for admissions. (See, e.g., Kim Decl., Exs. F & G.) Some of the admissions concern documents originally attached to eBay's First Set of Requests for Admissions. (See Kim Decl, Exs. F at 2-3 [definitions].) However, none of the referenced documents are attached to these exhibits.

At this time, eBay carries the initial burden of establishing its entitlement to the immunity defense. eBay failed to carry that burden because it relied on the success of its law of the case argument. Because the record suggests that eBay can make a sufficient showing that it is entitled to immunity, the Court denies the motion for summary judgment of the copyright claim without prejudice to its re-filing.

2. Richter and Whitman's Liability for Copyright Infringement

Richter and Whitman are sued in their capacity as employees of eBay. Richter and Whitman argue, among other things, that the they cannot be held vicariously liable for copyright infringement where eBay is not liable for infringement under the DMCA. The Court's determination of eBay's immunity defense may dispose of this issue. Instead of addressing the copyright claim piecemeal, the Court declines to address Richter and Whitman's motion at this time.

C. Plaintiff's Lanham Act Claim Against eBay and Richter

In Case No. 3, Plaintiff alleges that eBay, Richter and over a dozen third party sellers violated his rights under the Lanham Act, 15 U.S.C. § 1125. In the Motion, eBay and Richter complain that the conclusory allegations in the Complaint make it difficult for them to ascertain whether the Lanham Act claims against them are based on vicarious or contributory infringement principles. Therefore, they address both theories of secondary liability on summary judgment, arguing that the undisputed facts show Plaintiff cannot prevail under either theory as a matter of law.[3]

---

[3] Vicarious liability under the Lanham Act requires that "the defendant and the infringer have an apparent or actual partnership, have authority to bind one another in transactions with third parties or exercise joint ownership or control

eBay and Richter's reliance on the contributory and vicarious liability tests is misplaced. Plaintiff is pursuing "printer-publisher" liability for trademark/trade dress infringement. See Case No. 3 Complaint, ¶¶ 13, 38-39, 86; Opp. at 15; see also 4 McCarthy on Trademarks, § 25:19 (2000) ("liability is imposed on one who 'reproduces or imitates' the trademark on materials (such as labels or advertisements) that are used by a seller in an infringing manner)"); Conopco, Inc. v. Rosa Distributors, 967 F. Supp. 1068 (N.D. Ill. 1997) (infringement action against printer of allegedly infringing labels for fabric softener); Century 21 Real Estate Corp. v. R.M. Post, Inc., 8 U.S.P.Q.2d 1614 (N.D. Ill. 1988) (infringement action against publishers of a telephone directory yellow pages advertisement which allegedly contained an unauthorized reference to the "Century 21" mark); see also Polo Fashions, Inc. v. Ontario Printers, Inc., 601 F. Supp. 402 (N.D. Ohio 1984) (owner of trademark brought commercial counterfeiting action against printer); cf. Lockheed Martin Corp. v. Network Solutions, Inc., 985 F. Supp. 949, 958 (C.D. Cal. 1997), affirmed, 28 F.3d 769 (9th Cir. 1994) (suggesting that an Internet service provider that provides hosts computers for web sites may be held liable for printer-publisher liability under the Lanham Act). Printer-publisher liability is imposed on one who reproduces or publishes an advertisement used by a seller in an infringing manner.

---

over the infringing product." Hard Rock Cafe Licensing Corp., 955 F.2d 1143, 1150 (7th Cir. 1992). In contrast, contributory liability under the Lanham Act generally requires that the plaintiff show the defendant "(1) intentionally induce[d] another to infringe on a trademark or (2) continue[d] to supply a product knowing that the recipient is using the product to engage in trademark infringement." Fonovisa, Inc. v. Cherry Auction, Inc., 76 F.3d 259, 264-65 (9th Cir. 1996); accord 4 McCarthy on Trademarks, § 25:17 (2000) ("Liability for trademark infringement . . . may be extended beyond those who actually sell goods with the infringing mark, to include all those contributory infringers who knowingly cooperate in illegal and tortious activity").

Although the Motion cites no authority addressing the printer-publisher liability doctrine, eBay and Richter are aware of the doctrine. In the Motion, they raise an alternative argument for judgment in their favor on the Lanham Act claim. They cite 15 U.S.C. § 1114(2), which limits a plaintiff's remedy to an injunction against the future presentation of the infringing advertisement if the infringer is an "innocent" printer or publisher. See 15 U.S.C. § 1114(2)(B).

eBay and Richter argue that Plaintiff's Lanham Act claim is barred as a matter of law because (1) they qualify as innocent infringers and (2) Plaintiff seeks remedies that are not available to him.[4] eBay and Richter submit Richter's declaration, which states that "eBay and I had no knowledge of any alleged Lanham Act violations relating to Hendrickson and/or 'Manson' until Hendrickson filed his complaint in Case No. 3" because Plaintiff "never advised eBay or any of eBay's employees . . . of any alleged violation of the Lanham Act" before filing suit. (Richter Decl., ¶ 27). eBay and Richter, citing no authority to guide the Court, contend that this evidence sufficiently establishes their "innocence."

15 U.S.C. § 1114(2) provides, in pertinent part:

> Notwithstanding any other provision of this chapter, the remedies given to the owner of a right infringed under this chapter or to a person brining an action under section 1125(a) of this title shall be limited as follows:
>
> . . . .

---

[4] The prayer in the Complaint shows Plaintiff seeks remedies well beyond what is allowable under Section 1114(2). (See Case No. 3 Complaint, ¶ 92 (asking for treble damages and "a permanent injunction enjoining each of the Defendants from engaging in, or facilitating others in the making, false packaging, false advertising, offering, selling and or trading of unauthorized copies of Plaintiff's motion picture entitled 'Manson'").)

> (B) Where the infringement or violation complained of is contained in or is part of paid advertising matter in a newspaper, magazine . . . or in an electronic communication as defined in section 2510(12) of Title 18, the remedies of the owner of the right infringed . . . shall be limited to an injunction against the presentation [in] such newspapers, magazines . . . or in future transmissions of such electronic communications. The limitations of this subparagraph shall apply only to innocent infringers and innocent violators.

15 U.S.C. § 1114(2) (emphasis added). A posting on eBay's web site is an "electronic communication" as defined by Section 2510(12). See 18 U.S.C. § 2510(12) (defining "electronic communication" as "any transfer of signs, signals, writing, images, data or intelligence of any nature transmitted . . . by a wire, radio, electromagnetic, photoelectronic or photooptical system that affects interstate or foreign commerce"); Gucci America, Inc. v. Hall & Assoc., 135 F. Supp. 2d 409, 419 n.20 (S.D.N.Y. 2001) (finding the definition of "electronic communication" applies to typical commercial Internet websites).

The Lanham Act does not define the test for "innocent infringer." Few published cases address the standard for determining whether a printer-publisher constitutes an innocent infringer under Section 1114(2). None of those cases involve an Internet service provider such as eBay.

In Polo Fashions v. Ontario Printers, 601 F. Supp. 402 (N.D. Ohio 1984), the court articulated an "objectively reasonable business person" test for innocent infringer:

> When a person, such as a manufacturer or a printer, is approached to make a product for a famous manufacturer, that business person has an affirmative duty to determine the legitimacy of the person placing the order. That person must make reasonable inquiry, and this will be determined from all of the facts and circumstances.

Id. at 403.

In 1989, Congress amended the innocent printer provision. It "expanded the category of innocent printers and publishers to include broadcasters [of electronic media] that carry advertisements [containing] infringing trademarks" and extended the limitation on remedies. 4 McCarthy on Trademarks, § 25:29 (2000). Legislative history indicates that the term "innocent" is intended to incorporate the constitutional standard of "actual malice" applicable in defamation cases such as New York Times v. Sullivan, 376 U.S. 254 (1964). See id.

> However, the defamation test is not easily transferred to the state of mind of a publisher or broadcaster. This would mean that such a publisher or broadcaster is not 'innocent' only if it knew that the advertisement was false or infringing or proceeded to publish the advertisement with "reckless disregard" as to whether it was false or infringing or not.

Id. McCarthy on Trademarks further notes that Polo Fashions's "affirmative duty" to investigate standard "cannot be applied after the 1989 changes to the Lanham Act." Id.

The only published case after the 1989 amendment is Conopco, Inc. v. Rosa Distributors, 967 F. Supp. 1068 (N.D. Ill. 1997). In this case, the plaintiff sued the printer of infringing labels for a fabric softener. The record showed that the defendant's employees admitted they were familiar with the famous "Snuggle" fabric softener trademark and trade dress when they printed labels for a fabric softener called "Nuggle." 967 F. Supp. at 1071. The "Nuggle" labels were substantially similar to "Snuggle" labels. Id. Without discussing the legislative history of the amendment to 15 U.S.C. § 1114(2), the court applied an "objectively reasonable" test on summary judgment similar to the one articulated in Polo Fashions. "While a printer may not always be required to investigate a customer's authorization to print product labels, whether [the defendant's] conduct here was objectively reasonable is a disputed issue of fact." Id. The test is whether the infringer's conduct was objectively reasonable at the time it printed the infringing material. Id.

"Given the legislative history and the stringent requirements under the actual malice standard, it is doubtful that the objectively reasonable standard [adopted by Polo Fashions and Conopco] is the appropriate standard. NBA Properties v. Untertainment Records LLC, 1999 WL 335147, *15 (S.D.N.Y. May 26, 1999). The Court need not decide which test applies. Under either standard, the undisputed facts show eBay is an "innocent infringer"

If the objectively reasonable standard applies, the test should not be whether eBay acted like a reasonable *traditional* printer/publisher, but whether eBay acted like a reasonable Internet service provider. In applying this test, the Court takes into account the following: (1) the vast amount of information posted on eBay's web site on a daily basis; (2) the difficulties involved in monitoring all the postings to determine whether intellectual property rights of third parties have been infringed by other third parties; (3) no law currently imposes an affirmative duty on companies such as eBay to engage in such monitoring; and (4) congressional actions in recent years (in the copyright arena) reflect an intent to encourage Internet service providers and rights owners to cooperate and detect infringements and protect an Internet service provider from suit when it lacks notice of infringing activity. See, e.g., eBay's Appendix of Authorities in Opp. to Motion to Preliminary Injunction, Ex. C (Senate Report 105-190 at 40-41 (105th Congress, 2d Session 1998) (on the passage of the DMCA).

The undisputed facts show that eBay's Internet auction web site allows buyers and sellers to deal with each other freely with minimal contact from eBay. Unlike the traditional printer/publishers at issue in Polo Fashions or Conopco, eBay does not actually create the infringing "product" or advertisement. eBay does not create, review, approve or edit the content of any advertisement provided by the millions of sellers who use eBay's web site. (Richter Decl., ¶ 4.) The sellers create their own electronic classified advertisement and transmit them to eBay's host computer server. (Id. at ¶¶ 2-4.) As long as sellers pay the required fees, sellers may post their listings at any time without intervention by eBay. (See id.) Every day, over one million new listings are "published" on eBay's web site. (Id. at ¶ 2.) Under the circumstances, a company such as eBay cannot be expected to investigate the legitimacy of any particular advertisement published on its web site unless it has notice of a potential trade dress infringement (e.g., someone alerts eBay of such infringement).

The record shows that Plaintiff first advised eBay of alleged Lanham Act violations in April 2001 around the time he filed the complaint in Case No. 3. Plaintiff began complaining to eBay in December 2000. During the next three or four months, Plaintiff exchanged numerous communications with eBay and filed two lawsuits against eBay. All of Plaintiff's complaints concerned claims of copyright violation.

In April 2001, Plaintiff advised eBay for the first time that he owns a famous trade dress. By a letter dated April 8, 2001, Plaintiff informed eBay that eBay sellers' "Manson" DVD advertisements contain "trade dress that is confusingly similar to the official trade dress of my now famous VHS 'MANSON' trade dress." (Opp., Ex. F.) Enclosed with the letter were (1) a copy of an advertisement from eBay's web site displaying an official "Manson" videocassette with the alleged famous trade dress and (2) a copy of two eBay sellers' listings of counterfeit "Manson" DVDs displaying packaging that looks similar to the packaging for the authorized "Manson" videocassette. (See id.) Plaintiff mailed that letter on April 9, 2001. (Id.) It is unclear when eBay received the letter. However, it is clear that Plaintiff filed Case No. 3 just four days after mailing the letter. eBay never had an opportunity to address Plaintiff's trade dress complaint before it was slapped with a lawsuit.

Based on this record, eBay's failure to delist any of the allegedly infringing advertisements before Plaintiff served eBay with the Case No. 3 Complaint was objectively reasonable. Plaintiff submits no evidence that shows eBay allowed the "publication" of the advertisements when it knew or should have known that Plaintiff owned an allegedly famous trade dress and third party sellers violated his trade dress rights.

If the actual malice test applies, Plaintiff would have to prove that eBay acted either (1) with knowledge that the advertisements identified in the Complaint infringed Plaintiff's Lanham Act rights or (2) with reckless disregard as to whether those advertisements infringed Plaintiff's rights. Plaintiff clearly has no evidence that even suggests eBay actually knew that the complained of advertisements were infringing on his trade dress and either "allowed" their publication or refused to delist the advertisements with reckless disregard for Plaintiff's rights.

Accordingly, even if Plaintiff were to establish infringement, the undisputed facts show eBay would be an innocent infringer within the meaning of 15 U.S.C. § 1114(2). Because Richter's role in this lawsuit is based solely on his actions or inactions as an employee and agent of eBay, the Court holds that eBay's "innocent infringer" status extends to Richter. Consequently, Plaintiff is not entitled to the remedies that he seeks to recover from eBay and Richer under the Lanham Act.

Nevertheless, eBay and Richter are not entitled to judgment on the Lanham Act claim simply because Plaintiff is not entitled to all the remedies that he seeks. If Plaintiff prevails on his claim that eBay "published" infringing material, Plaintiff would be entitled to some relief, namely, an injunction against the presentation of the misleading advertisements in future eBay listings. The Court hereby construes this portion of the Motion to include a motion for summary adjudication on the issue of the applicability of the "innocent infringer" provision. The Court concludes that eBay and Richter are entitled to summary adjudication in their favor on this issue.

D. Plaintiff's State Claim for Tortious Interference with Prospective Economic Advantage Against eBay and Richter

In Case No. 3, Plaintiff alleges a state claim for intentional interference with prospective economic advantage. eBay and Richter content that summary judgment is proper for two reasons. First, they argue that Plaintiff's state claim is preempted by the Copyright Act. Second, they argue that the Communications Decency Act ("DCA") creates a federal immunity to any state law claim that would hold eBay or its employee liable for the listings posted on its web site by third parties. Because the Court holds that Plaintiff's tortious interference claim is preempted by the Copyright Act, the Court need not reach the second argument.

Under the Copyright Act, all rights under state law are preempted if they (1) come within the "subject matter of copyright" as defined in Sections 102 and 103 and (2) are "equivalent to any of the exclusive rights within the general scope of copyright" as defined in Section 106 of the Act. 17 U.S.C. § 301. Plaintiff's interference with business advantage claim is based on all of "[t]he aforementioned acts of allowing the infringing activity complained of continue." (Case No. 3 Complaint, ¶ 87 (emphasis added).) All references in the Complaint to eBay and Richter's "continued" violation of Plaintiff's rights relate to his copyright infringement claims. (E.g., id. at ¶ 36 (the "continued Copyright Infringement activities"), ¶ 75 (alleging that he filed Case No. 1 because the copyright violations "continued" and "it became apparent that neither EBAY, nor MICHAEL RICHTER would do anything to stop the subject infringing activity") and ¶¶ 75-78 (Richter "willfully and callously allowed and directed others to allow such activity to continue to interfere with Plaintiff's rightful business opportunities" after Plaintiff filed the first copyright infringement lawsuit against eBay). Indeed, Plaintiff's tortious interference claim is based on the same allegations of infringement of his rights under the Copyright Act -- the continued unauthorized distribution of Plaintiff's copyrighted film "Manson."

The Court holds that there is no qualitative difference between Plaintiff's intentional interference with prospective economic advantage claim and his copyright claim. Therefore, the state claim is preempted by the Copyright Act. See Worth v. Universal Pictures, 5 F. Supp. 2d 816, 822 (C.D. Call 1997) (plaintiff's claim of intentional interference with prospective economic advantage based on alleged unauthorized use of screenplay is preempted by the Copyright Act); Trenton v. Infinity Broadcasting Corp., 865 F. Supp. 1416, 1428-29 (C.D. Cal. 1994) (plaintiff's claim for interference with prospective economic advantage essentially "assert a protectable copyright interest" in the radio program format and therefore preempted by the Copyright Act). Accordingly, eBay and Richter are entitled to judgment in their favor on the state tortious interference with business advantage claim.

DISPOSITION

For all of the foregoing reasons, the Court: (1) DENIES Plaintiff's request for further discovery; (2) DENIES the eBay Defendants' motion for summary judgement of the copyright claim; (3) DENIES eBay and Richter's motion for summary judgment of the Lanham Act claim; (4) GRANTS eBay and Richter's motion for summary adjudication of the application of the Lanham Act "innocent infringer" provision; and (5) GRANTS the eBay Defendants' motion for summary judgment of the state tortious interference with business advantage claim.

IT IS SO ORDERED.

DATED: June 29, 2001.

ROBERT J. KELLEHER
United States District Judge